

## Message Text

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PAGE 01 ROME 17709 271052Z

21

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 L-02 H-02 PA-02 PRS-01 USIA-15 /101 W

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P R 271005Z DEC 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 8794

INFO EC BRUSSELS 5807

AMCONSUL MILAN

AMCONSUL NAPLES

OECD PARIS 9858

UNCLAS ROME 17709

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: NEW MONETARY MEASURES: INCREASE IN PENALTY RATE ON CENTRAL  
BANK BORROWING

REF.: A. ROME 17666

B. ROME A-9 OF JANUARY 7, 1974

1. REF A. ERRONEOUSLY REPORTED DECREASE OF 1/2 PERCENT IN  
PENALTY RATES APPLICABLE TO NEW BASIC BOI INTEREST RATE FOR  
DISCOUNTS AND ADVANCES. REPORT SHOULD HAVE SAID THAT PENALTY  
RATES INCREASE REPEAT INCREASE BY 1/2 OF 1 PERCENT. (NEW  
RATES ARE APPLICABLE AS OF DECEMBER 27, 1974.)

2. PENALTY RATE OF MAXIMUM OF 3.5 PERCENT, OR TOTAL RATE OF  
11.5 PERCENT, APPLIES BOTH TO DISCOUNTS AND TO FIXED TERM  
ADVANCES. FOR FIXED TERM ADVANCES, 3.5 PERCENT PENALTY RATE  
IS ASSESSED IF BORROWING TAKES PLACE LESS THAN 90 DAYS FROM  
PREVIOUS BORROWING. RATE IS 2.5 PERCENT, AND 1.5 PERCENT RES-  
PECTIVELY WHEN BORROWING TAKES PLACE MORE THAN 90 DAYS AFTER  
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PAGE 02 ROME 17709 271052Z

PREVIOUS BORROWING OR MORE THAN 120 DAYS AFTER PREVIOUS BORROWING.

NO PENALTY RATE IS APPLIED WHEN SECOND BORROWING TAKES PLACE MORE THAN 150 DAYS AFTER PREVIOUS BORROWING.

3. FOR REPETITIVE USE OF BASIC DISCOUNT RATE, PENALTY RATE OF 3.5 PERCENT IS APPLICABLE IN MOST CASES WHEN BANK HAD USED DISCOUNT FACILITY DURING PREVIOUS SIX CALENDAR MONTHS IN EXCESS OF 5 PERCENT OF ITS REQUIRED RESERVES.VOLPE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRIME INTEREST RATES, CREDIT CONTROLS, COMMITTEE MEETINGS, BANK LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 DEC 1974  
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**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974ROME17709  
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**Film Number:** D740375-0751  
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**Handling Restrictions:** n/a  
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**Original Previous Classification:** n/a  
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**Previous Classification:** n/a  
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**TAGS:** EFIN, IT  
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